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C O N F I D E N T I A L SECTION 01 OF 02 CAIRO 000645

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E.O. 12958: DECL: 02/02/2016

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SUBJECT: NDP SHAKE-UP CONSOLIDATES INFLUENCE OF GAMAL MUBARAK

Classified by ECPO Minister-Counselor Michael Corbin for reasons 1.5 (b) and (d).

Summary

1. (C) As anticipated reftel, President Mubarak, in his capacity as head of the ruling National Democratic Party (NDP), ratified on February 1 a major shake-up of the party leadership. Old guard figure Safwat Sherif retained his position as party Secretary-General, but will have to share his authority with three new deputies, one of whom is the President's son Gamal. A number of Gamal's key allies will also take up new positions in the General Secretariat, the party's top decision-making body, while several old guard personalities, including the infamous Kamal El-Shazly, have been dismissed from senior leadership roles. The changes represent a rebound for Gamal Mubarak and his "reform camp," consolidating power and influence that had appeared tenuous following the NDP's performance during the fall 2005 elections. Renewed vigor for the party's reform wing should translate into an accelerated pace of reform, particularly on the economic front. End summary.

Structure, Leadership Shaken (or Stirred)

2. (C) After almost two weeks of public speculation, significant changes to the structure and leadership of the ruling NDP were announced on February 1 after President Mubarak chaired a meeting of the party. An overview of the key changes follows:

-- The Secretary-General remains Safwat el-Sherif;

-- Sherif will now have three new Assistant Secretaries-General (as opposed to one): Zakaria Azmy (the

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President's de-facto chief of staff), Mufeed Sheehab (the subdued Minister of Parliamentary Affairs) and Gamal Mubarak.

-- Dismissed from a senior leadership office is former Assistant SYG Kamal el-Shazly, Egypt's most infamous and longest serving machine politician (Shazly retains a seat, however, in the General Secretariat);

-- The General Secretariat (the party's central board - its principal decision-making body) is expanded by 5 seats to reach 29 members;

-- Added to the General Secretariat are several key allies of Gamal Mubarak: (Trade Minister) Rachid Rachid, (Information Minister) Annas al-Fiqqi, steel tycoon Ahmed Ezz, (former Youth Minister) Ali Eldeen Hilal, and the westernized political science professor Mohammed Kamal.

-- Meanwhile, other Gamal allies in the General Secretariat - Finance Minister Boutros Ghali, Investment Minister Mohieldin, former MP Hossam Badrawi, and former Environment Minister Nadia Makram Ebeid, have held on to their seats.

-- Dropped from the General Secretariat (and other party leadership posts) are old guard figures including former Tourism Minister Mamdouh Beltagi, former education Minister Hussein Kamal Bahaa Eldeen and MP El Sayed Rashed.

Some Initial Reactions

3. (C) Dr. Osama El-Ghazali Harb, Shura Council Member and a member of the NDP's Policies Committee, chaired by Gamal Mubarak, told poloff the changes represented a very important consolidation of Gamal's power within the party. He viewed the creation of three new Assistant Secretaries-General under overall SYG Safwat el-Sherif as a significant dilution of Sherif's authority. However, Harb, who has become sharply and publicly critical of the NDP in the past year, told poloff he doubted that the changes would lead to "real reform... and by real reform I mean greater democracy within

the NDP and for Egypt..."

14. (C) Similarly, prominent intellectual Tarek Heggy told ECPO MinCouns during a February 2 meeting that the long-term significance of the shakeup depended on whether Mubarak did it "to really advance the reform process, or just to empower Gamal." Heggy opined that most in the Egyptian public would assume take the cynical view that the president was merely continuing to pave his son's path to the presidency.

Comment

15. (C) Just after the September Presidential election, Gamal Mubarak and his allies lost a critical battle within the party to field reform-minded candidates for parliament. However, the poor performance of old guard candidates (only 41 percent of whom managed to win parliamentary seats) seems now to have worked to Gamal's advantage, apparently convincing his father that a purge of the party's old school leadership should no longer be delayed. This consolidation of power will likely add weight and momentum to the work of the GOE's economic reform cabinet. While the changes are positive omens for NDP reform, our interlocutors significantly reflect continuing public aversion to Gamal Mubarak's succession. Aware of this problem, Gamal recently made his most explicit denial to date that he harbors presidential ambitions in a recent interview with the pro-government publication Rose al-Yousef. End comment.
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